United Nations E/CN.5/2001/2

Economic and Social Council

Distr.: General
8 December 2000

Original: English

Commission for Social Development
Thirty-ninth session
13-23 February 2001
Item 3 (a) (i) of the provisional agenda*
Follow-up to the World Summit for Social Development: themes: priority theme: enhancing social protection and reducing vulnerability in a globalizing world

Enhancing social protection and reducing vulnerability in a globalizing world

Report of the Secretary-General

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I. Introduction

1. At its thirty-eighth session, in February 2000, the Commission for Social Development identified the priority theme for its thirty-ninth session as "Enhancing social protection and reducing vulnerability in a globalizing world". In its decision 2000/238 of 27 July 2000, the Economic and Social Council adopted the agenda of the Commission for Social Development for its thirty-ninth session, including the above-mentioned priority theme. The present report has been prepared in response to that decision. Discussions on the topic will begin a process of intergovernmental consideration of strategies for implementing a number of initiatives on social protection that were adopted by the General Assembly at its twenty-fourth special session as a follow-up to the World Summit for Social Development.

2. In the context of preparation for the thirty-ninth session of the Commission, the United Nations Secretariat organized two expert group meetings on social protection in Berlin and Cape Town, South Africa, in cooperation, respectively, with the Governments of Germany and South Africa.[1] The objectives of the meetings were to explore ways and means to develop social protection systems for vulnerable and unprotected people as well as to put forward suggestions regarding new mechanisms to ensure the sustainability of these systems in various country contexts. The experts, who were invited in their individual capacity, were asked to give their views on how to establish or improve social protection systems covering risks that cannot be mastered by beneficiaries themselves and that trap people into poverty. They were also invited to put forward policy-oriented recommendations, taking into account country-specific circumstances, and to contribute to the goal of ensuring access for all to social protection. Participants at the meetings are listed in annexes I and II.

3. The present report draws extensively on the deliberations of the expert group meetings. However, the overall purpose of the report is broader, namely, to contribute to the defining the terrain of social protection in the contemporary world, to review the challenges to social protection in the face of globalization and other global trends, and to enable the Commission to provide specific recommendations relating to national and international levels to promote human development and effective social protection policies.

4. The issues of enhancing social protection and reducing vulnerability are not new to the Commission for Social Development. As a follow-up to the World Summit for Social Development, at its thirty-sixth session the Commission discussed the means to enhance social protection, reduce vulnerability and enhance employment opportunities for groups with specific needs (see E/CN.5/1998/5).

5. Social protection is a multifaceted and broad-based theme. One of the difficulties in taking an integrated approach to social protection is that information on social protection — whether quantitative or qualitative — is fragmented and dispersed, often making it difficult to identify and cover the whole spectrum of social protection components. While seeking to bring to the forefront major issues, the present report cannot presume to elaborate on all technical issues subsumed within social protection. Rather, its purpose is to facilitate the deliberations of the Commission for Social Development, as well as to provide necessary inputs to the recommendations and innovative solutions that the Commission may wish to propose.

II. The nature of social protection

A. Definition of social protection

6. There are substantial differences among societies in terms of how they approach and define social protection. Differing traditions, cultures and organizational and political structures affect definitions of social protection, as well as the choice about how members of society should receive that protection. In the context of the present report, social protection is broadly understood as a set of public and private policies and programmes undertaken by societies in response to various contingencies in order to offset the absence or substantial reduction of income from work; provide assistance for families with children; and provide people with health care and housing. This definition is not exhaustive; it basically serves as a starting point of the analysis in the present report as well as a means to facilitate the present analysis.

7. In general, the following points can be noted in defining the terrain of social protection policy:

(a) Social protection embodies society's responses to levels of either *risk* or *deprivation* that are deemed unacceptable. Underpinning the operation of social protection systems, therefore, is a social consensus (which may be implicit or explicit) on fundamental values concerning acceptable levels and security of access to the means of meeting basic needs and fulfilling basic rights. These include secure access to income, livelihood, employment, health and education services, nutrition and shelter. Social protection is therefore multidimensional, and does not refer solely to meeting variability in cash income with public transfers or regulated insurance (which remains the predominant understanding in some countries);

(b) Values of social solidarity, civility and fraternity, as well as responsibility and self-help, underlie social protection. The existence of social protection systems promotes more humane societies. However, social protection regimes and the values underpinning these regimes are not static: there has been a shift in the understanding and applications of social solidarity as well of some other principles;

(c) Social protection deals with both the absolute deprivation and vulnerabilities of the poorest, and also with the need of the currently non-poor for security in the face of shocks and life-cycle events (particularly ageing);

(d) The character of the policy response may involve a range of different institutions: central or local government, civil society (voluntary or membership associations, trade unions, NGOs) and the private sector;

(e) There are two predominant sub-categories of social protection. *Social assistance* encompasses public actions that are designed to transfer resources to groups deemed eligible due to deprivation. *Social insurance* is social security that is financed by contributions and based on the insurance principle: that is, individuals or households protect themselves against risk by combining to pool resources with a larger number of similarly exposed individuals.

8. Countries vary in the way they have structured their social protection systems. The narrow interpretation of social protection has been more or less restricted to social security systems that are fundamentally occupational related insurance schemes — both publicly provided and private. Admittedly, social security remains an integral component of social protection, which in turn is more inclusive and broader than social security. Social protection also encompasses social assistance programmes for the poor through non-contributory schemes aimed at ensuring a minimum standard of dignity, by providing social services for the elderly, children and other vulnerable groups. Social protection should be seen in a holistic rather than a stand-alone manner, and should be integrated into political, economic and social goals as well as being successfully prioritized.

B. Social protection and human rights

9. The existence of social protection can be recognized as one of the great social achievements of the twentieth century. As an important objective of social policy in many countries, social protection is often seen as a fundamental right of individuals to access effective and efficient programmes that alleviate hardship arising from social risks, such as sickness, old age, unemployment and social exclusion, as well as programmes that secure income of the population through food security, job training, supplementary education and affordable housing.

10. As a concept, social protection may be seen as a further development of the long-established aim of social security. The fundamental international human rights instruments, such as the Universal Declaration of Human Rights of 1948 (General Assembly resolution 217 A (III)) and the International Covenant on Economic, Social and Cultural Rights of 1966 (see General Assembly resolution 2200 A (XXI), annex), refer directly to social security. Article 22 of the Universal Declaration of Human Rights states that "everyone, as member of society, has the right to social security". Article 9 of the International Covenant on Economic, Social and Cultural Rights refers to "the right of everyone to social security, including social insurance".

11. The World Summit for Social Development, held in Copenhagen in 1995, stressed the importance of equity, participation, empowerment and solidarity, emphasizing a more inclusive approach to social protection. The Copenhagen Declaration on Social Development adopted by the Summit contained a commitment to "develop and implement policies to ensure that all people have adequate economic and social protection during unemployment, ill health,

maternity, child-rearing, widowhood, disability and old age".[2] At its twenty-fourth special session, convened in Geneva in June 2000 to assess achievements and obstacles in the implementation of the Copenhagen commitments and to decide on further initiatives to accelerate social development for all, the General Assembly underscored the importance of establishing or improving social protection systems as well as sharing best practices in this field (see General Assembly resolution S-24/2).

C. The role of stakeholders

12. In short, social protection represents a collective intervention of society to protect citizens from risks and vulnerabilities, sustain their well-being and enhance their capability in managing risks. It embraces both public and private action. The role of the state is particularly important in this regard since it must ensure the existence of adequate institutional and regulatory frameworks and ensure that people are aware of their rights and entitlements in this field. The effectiveness of social protection is closely connected to the legitimacy of the state. When the conceptualizing of respective schemes and provision of social protection is based on democratic governance, credible long-term policies and sound institutions, it creates a truly enabling environment for the development of a sustainable social protection system and paves the way in the event of the need to reform the system. It is the responsibility of Governments, acting in close collaboration with civil society organizations, to devise mechanisms to avoid "capture" of social protection systems by special interest groups, as well as ensuring independent regulation of the private sector.

13. In many countries, particularly developing countries, Governments encourage informal arrangements, including community-based mechanisms, which support a survival of the population. This approach may be valid but should not be seen as a substitute for public action in providing basic protection, especially in the context of growing global economic integration. An anticipatory approach may require innovative social protection measures to alleviate the adverse effects of globalization, particularly taking into account the needs of vulnerable groups.

14. When the poor are consulted by Governments and the civil society and identify their priorities in the design of social protection schemes, the outcomes of these programmes are usually better for the recipients. In this context, national participatory governance mechanisms play an important role in the establishment, review and evaluation of social protection systems, making it possible to take into account the views and interests of all stakeholders. At the same time, when efforts are made to make legal systems more responsive to the poor, for example by removing legal/administrative barriers for informal self-employed workers, these systems become more user-friendly and more attuned to the real needs of the poor. The costs of social protection could be reduced through improvements in their governance, administration and efficient implementation.

15. A comprehensive approach to social protection may facilitate delineating the role of the Government, private sector, the community and the family in social protection. The role of the private sector, acting in partnership with other stakeholders, is important for efficient social protection. At the same time, notwithstanding its changing nature and often fluid family boundaries, the family continues to be a central and crucial element insulating the individual against major contingencies. However, for many older persons, increasing needs for personal care are no longer provided by the family. Single-parent households are particularly vulnerable to economic shocks. In many societies, the family as a mechanism of social protection is under major stress due to poverty and other social ills; public help to families is thus essential.

D. Objectives and functions of social protection

16. The ultimate purpose of social protection is to increase capabilities and opportunities and thereby promote human development. While by its very nature social protection aims to provide at least minimum standards of well-being to people in dire circumstances, enabling them to live with dignity, social protection should be seen not simply as a residual policy function of assuring the welfare of the poorest but as a foundation at a societal level for promoting social justice and social cohesion,

developing human capabilities and promoting economic dynamism and creativity.

17. While poverty eradication remains the top priority, specific objectives of social protection may vary, depending on the country context. They may include specific, even if broad-based, objectives, such as nutrition for all; universal health coverage and universal access to education; creation of opportunities for productive work, including the effective incorporation of rural workers, informal workers and micro-entrepreneurs into the registered labour force and social protection system; effective combination of instruments — both public and private — to cover social risks; effective coordination to avoid duplication, excessive costs of programmes and poor quality; and effective monitoring and assessment to reduce/eliminate moral hazard, adverse selection, "free riding", social exclusion and discrimination. These objectives are not at all exclusive and exhaustive since every country may view and prioritize their objectives differently.

18. The functions of social protection can be seen in four dimensions: as proactive primary coverage to protect people against contingencies and risks; as a sustaining function aimed at basic needs provision; as a developmental function aimed at capacity-building; and as a social justice function aimed at social solidarity and integration. All these functions are closely connected to one another even though they may rely upon different instruments. Also, there is some inevitable overlapping in the instruments used. For example, such instruments as social assistance, social work and social services can be effectively used to fulfil various functions.

19. In most countries, social protection objectives usually include short-term and long-term considerations. The short-term measures embrace protective measures to take care of immediate contingencies, such as natural disasters. Another field is assistance provided in the context of economic reforms. A caring and inclusive society does not tolerate the marginalization and exclusion of poor and vulnerable groups. Direct social assistance is given to help the poor to come out of the above contingencies.

20. It is important that Governments put in place a national preparedness programme for disaster management, with the involvement of civil society, to ensure that the programmes reach the poor and vulnerable groups. The programmes may cover training for civil defence and action, harnessing of resources and transport, rehabilitation and maintenance of essential buffer stocks, mobilization of the media for community training and timely dissemination of information, and harmonizing of government and community efforts.

21. Ensuring protection against health-related risks due to illness, injury, human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), disability and old age are among the central components of the social protection system. Another important component of short-term measures is mitigating economic and social distress due to economic liberalization. Rehabilitating retrenched workers by offering training and unemployment insurance for the unemployed are also provided under this rubric.

22. Long-term objectives are normally associated with promotional and preventive measures which form part of the long-term policy for social protection. Such measures concentrate more on increasing individual capabilities, for example through improving the health and education of communities. Reducing inequalities in assets allocation is another key component. Land reforms are one such example of reducing inequalities. In many developing countries, inequalities in incomes between unskilled and skilled workers have been increasing, so that skill improvement of unskilled workers may be considered another component of long-term measures. An important objective should be to focus instruments of social protection on the sources of risk.

23. It is important to stress the gender dimension in social protection. In many societies, women experience discriminatory treatment under existing social protection regimes. Many women are still barred from paid employment because of their home-making and child-care duties. Inferior access to health, education and training places them in a disadvantaged position in the labour market, where many women predominate in low-pay, low-status, part-time or contract work that offers limited opportunities of social security coverage. In some systems, full-time home-makers qualify only as dependants of their husbands and at a fraction of what male workers get in terms of salary. In addition, unequal access to productive resources, such as land, capital, credit, technology and extension services, has the effect of reducing incomes and savings, thereby

restricting women's capacity for self-protection and increasing their dependence on their families. Despite many government attempts to provide equal opportunities and fight discrimination, mainstreaming gender equality into developmental goals and policies remains an incomplete project in most societies.

E. Political economy of social protection

24. On the surface, social protection programmes may appear to be a financial burden for the state, depleting public coffers and reducing opportunities for investment in other priority areas. Critics of social protection on economic grounds argue that it has a negative impact on overall economic performance, either because it costs too much or because it hinders structural change. However, this approach has proved to be short-sighted and superficial. Experiences of countries successful in economic, political and social terms shows that economic development and social protection are mutually reinforcing — essentially they are elements of the same paradigm. Social protection is an important dimension of social life, promoting cohesion and reducing social pathologies. Any trade-off between public spending items and between various economic needs and the need for social protection must incorporate recognition of the long-term negative impact of social pathologies. Finance ministries need to be as rigorous in estimating the economic and social benefits of social programmes as they are about calculating their costs.

25. Social protection facilitates the process of social and economic change by moderating the costs of economic transition and structural change in the affected countries. By providing a cushion, it encourages the necessary economic restructuring. While social protection should not be considered separately from macroeconomic stability, the right to social protection should not be sacrificed to conjunctural considerations. Social protection must go hand in hand with macroeconomic stabilization and other efforts aimed at restructuring. Absence of social protection has a high opportunity cost and may lead to social conflict and unrest. Therefore, social protection spending should be seen not as non-productive expenditure but as important investment into human capital and social cohesion, as well as a necessary condition of a humane society.

26. The historical record shows that social protection evolved as an important complement to the modern employment relationship and is even more important today, as labour markets become more flexible. Social protection may provide an incentive for people to invest in education and training, thereby augmenting human capital. Overall, social protection has produced positive impacts on the development of the twentieth century economy.[3] In many cases, social protection benefits both employers and employees, as well as society as a whole, because it contributes to labour productivity, which in turn leads to economic development. The major contemporary challenge is to find solutions which allow social protection to meet increasing needs in such a way that it contributes positively to economic performance.

F. Multilateral efforts

1. Social protection programmes of specialized agencies of the United Nations system

27. At the national level, social protection reforms are undertaking the challenging job of answering difficult questions, such as the following: What is the best mix between insurance, assistance, self-help schemes, social services and the public-private partnerships? What are the priorities in terms of values, vision, stages and process? What type of coverage should be provided and to whom? To help countries make difficult choices, United Nations specialized agencies are developing innovative approaches to the construction of social protection paradigms, policies and programmes.

International Labour Organization

28. The International Labour Organization (ILO) has been engaged in the development of social protection since its establishment over 80 years ago. The ILO vision is built on the conviction that social protection should be developed through labour protection and social security, in the context of distributive justice and basic security for all. As a response to the challenges of the present globalized economy, ILO is targeting its resources and activities around its recently reformulated mission statement — to secure *decent work* for women and men everywhere. Against the normative background of international labour standards, ILO helps member States to improve and expand the protection they provide to all members of

the community across the full range of contingencies: basic income security as needed, health care, sickness, old age and invalidity, unemployment, employment injury, maternity, family responsibilities and death. In the area of social protection, the objective of ILO is to identify policies and institutions that provide a growing proportion of the world's population with social and economic security. It seeks to identify cost-effective and equitable ways by which social protection can be extended to all groups, and to assist and advise policy makers on schemes to promote social and economic security.

29. Extending personal coverage has emerged as one of the major challenges facing social protection systems of today. To do so, ILO focuses on developing special schemes for the self-employed and for those working in the informal sector without any identifiable employer, urging at the same time that these schemes be made compulsory, whenever possible. Where this is not feasible, as in low-income developing countries, support should be given to micro-insurance and other grass-roots initiatives which can provide for some form of risk pooling. Appropriate social assistance measures should be developed for the most vulnerable groups outside the labour force.[4]

World Bank

30. The World Bank provides technical assistance and financial support in the areas of labour market interventions (to assist Governments and individuals in meeting the technological challenges of a changing world through pre- and in-service skill enhancement programmes, improving the functioning of labour markets, and the development of active and passive labour market programmes); pensions (to assist Governments in the creation of or improvements in private pension provision, mandatory savings and public old-age income support schemes); social safety nets (to assist Governments in the provision of targeted income support and access to basic social services to the poorest population groups, and/or those needing assistance after economic downturns, natural disasters or other events that pose major risk); and social funds (agencies that channel grant funding to small-scale projects to help poor communities design and implement their own projects).

31. With the impetus of the World Summit for Social Development, the World Bank has taken a course that substantially refocuses its activities towards poverty reduction and renews support for social development. One outcome of the participation of the World Bank in United Nations activities on the follow-up to the World Summit for Social Development has been the establishment two years ago of a social protection group aimed at bringing together and expanding the Bank's work with client countries to develop appropriate labour market programmes, safety nets and social insurance schemes. Against the background of asymmetrical information and different types of risk, the Bank now constructs its approach to social protection using the conceptual framework of social risk management, emphasizing the double role of risk management instruments — protecting basic livelihoods as well as promoting risk taking. It focuses specifically on the poor since they are the most vulnerable to risk and typically cannot afford appropriate risk management capability. It is admitted that at the level of information the new approach needs a new, or at least different data set for benchmarking and evaluation as well as improved analytical technique. Data to measure and assess the effectiveness of alternative social risk management instruments do not yet exist. Its future availability is likely to require a cooperative effort among countries, international institutions and other national and international players.[5]

World Health Organization

32. The World Health Organization (WHO) implicitly recognizes social protection as one of its overriding and most important goals. The overall objective of WHO is "the attainment by all people of the highest possible level of health, with special emphasis on closing the gaps within and among countries".[6] While WHO does not have an explicitly formulated approach to social protection, a number of its overall policy directions are of direct relevance in this regard.

33. WHO has highlighted the importance of reducing the risk factors that pose a threat to human health, many of which arise from social factors that are indirectly related to health. Inadequate protection from such risks as poverty, lack of basic education, inadequate housing, social exclusion, environmental degradation, lack of employment and loss of or low income poses a threat to the health of individuals. It is recognized that while achieving the goal of universal access to basic health services is a central objective of WHO, some of the major determinants of health

outcomes are not directly linked to the provision of health services. Improvements on health is thus contingent on actions that successfully address risks in spheres including social protection.

34. A complementary policy direction of WHO, which overlaps many of the issues central to social protection, is to improve the effectiveness of health systems. More effective health systems are achieved, inter alia, through the development and promotion of systems that are equitable, responsive and financially fair. Fairness in the financing of health services is closely linked to the issue of social protection, in particular the overall approach to individuals' health insurance, and the risk of falling into poverty due to health problems. In the face of sudden illness or high health-care costs, people who do not have access to adequate, affordable health care or insurance coverage are victims of much higher risks, such as loss of income or depletion of household savings.

35. The basic elements of the WHO strategy to achieve more equity and fairness in health care financing include increasing the level of pre-payment for health care, by raising the level of public financing, reducing out-of-pocket financing of health services, which disproportionally affects the poor, as well as subsidizing the poor by expanding the pool of contributors to health insurance schemes.

United Nations Children's Fund

36. The United Nations Children's Fund (UNICEF) views social protection as more than just an insurance scheme or a safety net. Social services play an important role in the protection of children. There is strong emphasis on the promotion of access to basic social services, as one of the most effective and least expensive ways of breaking the inter-generational poverty cycle. In this context, the UNICEF strategy is summarized by the slogan: "Poverty reduction starts with children".

37. The policies and programmes of UNICEF employ a human rights approach to poverty reduction and emphasize the equal worth and dignity of every individual, underlining that "freedom from discrimination forms the basis for social protection and effective participation in society".[7]

38. UNICEF's major areas of policy intervention include basic education, primary health care, nutrition, water and sanitation, special protection and policy advocacy. As regards the field of protection of children, the main activities of UNICEF are to provide support to vulnerable groups, such as disabled children, victims of violence and sexual exploitation, children involved in hazardous labour, abandoned and homeless children, victims of female genital mutilation, children and adolescents at risk of HIV/AIDS, and children affected by armed conflict and landmines.

39. The principal measure advocated by UNICEF to address the social protection of children at risk is universal access to basic social services. Following their rights-based approach to poverty reduction, UNICEF promotes the principle of universality. The value of user fees as a means of financing basic social services is questioned. While emphasizing the negative equity and efficiency implications of user fees, UNICEF recognizes that severe budgetary constraints in some countries can temporarily necessitate cost-sharing between the state and the users and communities in the provision of social services. In such cases, fees should be levied first on non-basic services. UNICEF stresses that no child should be excluded from primary school because of fees and other expenses, such as uniforms.

United Nations Development Programme

40. The United Nations Development Programme (UNDP) places social protection in the centre of poverty eradication efforts. Through its support for anti-poverty efforts at the community and national level, UNDP is working to ensure stronger links between actions at the micro and macro levels. Recognizing that poverty is not a sectoral issue, UNDP supports a broad range of policies and community programmes where the emphasis now is on social mobilization — and on helping the poor to achieve social protection by building livelihoods that are viable and sustainable.[8] UNDP's approach to social protection envisions looking beyond incomes to address human poverty — the lack of essential human capabilities such as literacy, health and adequate nutrition are the major obstacle to achieve social protection.

41. In the context of combating poverty most poverty programmes now stress reallocating social expenditures to basic social services. However, supplying more basic services does not necessarily result in more poor people using them. In addition to reallocating expenditures to increase supply, efforts

should concentrate on ensuring that poor make use of the services made available to them.

Office of the United Nations High Commissioner for Refugees

42. The international protection function of the Office of the United Nations High Commissioner for Refugees (UNHCR)[9] includes ensuring the basic rights of refugees, as well as their physical safety and security. While the main responsibility for safeguarding the rights of refugees lies with States, UNHCR's statutory role is to assist Governments in taking the necessary measures, starting with asylum and ending with the realization of long-term solutions. UNHCR's mission statement stresses its role in leading and coordinating international action for the worldwide protection of refugees and the resolution of refugee problems.

43. The protection of women, children, adolescents and the elderly has been accorded special and priority attention to ensure that their needs are mainstreamed in the planning and implementation of UNHCR operations. A particular means of enhancing the protection of refugee women has been to encourage their active participation in the design and implementation of programmes, including in the distribution of relief items or in social services. Another key protection concern is access to education. Initiatives have been undertaken to provide refugee children with primary education and psychosocial support (see A/AC.96/930).

United Nations Centre for Human Settlements

44. One of the main objectives of the United Nations Centre for Human Settlements (Habitat) is to ensure adequate shelter for all and social services. Habitat has recently launched an initiative to promote the security of tenure, a basic component of the right to housing. Security of tenure is a fundamental requirement for the social protection and integration of the urban poor, guaranteeing legal protection against forced evictions, harassment and other threats. By reducing the risk of losing their homes, people tend to invest more of their own human and financial resources to improve their homes and neighbourhoods. The provision of housing security of the urban poor thus acts as a catalyst in stabilizing communities, improving shelter conditions, reducing social exclusion and improving access to basic services.[10]

2. The European Union

45. The debate about common challenges as well as about possible directions of modernization and improvement in social protection systems of Member States has been an important feature of political discourse of the European Union. The need to adapt to the changing world of work, new family structures and substantial ongoing demographic changes is well recognized. At the same time, clearly expressed wishes of citizens for continued high levels of social protection provide an important foundation in the quest for changes, which would affect individuals and families.

46. As part of the concerted strategy of the European Commission for modernizing social protection, four broad objectives to guide future action were proposed by the Commission. The first objective is to make work pay and provide secure income. It is acknowledged that the characteristics of today's labour market are substantially different compared to times when social protection systems were installed, in particular regarding new working arrangements which have emerged. Adaptation to these changes calls for striking a new balance between security and flexibility as well as between rights and responsibilities. The second objective is to make pensions safe and pension systems sustainable. New strategy calls for anticipating the impact of demographic ageing on social protection systems, creating a coherent policy mix between labour market and pensions policies, and finding an appropriate balance between funded and pay-as-you-go systems. The third objective is promotion of social inclusion and combating social exclusion. Social protection, in conjunction with other policy instruments, is seen as important for the provision of minimum income benefits and access to housing and health services, as well as a means for the broadest possible participation in society. The fourth objective is to ensure high quality and sustainability of health care. It includes meeting the demand for health-care systems, taking into account the needs of ageing populations and the need to reduce health inequalities.

47. To facilitate a new, intensified debate and engagement regarding these objectives, the European Commission envisages substantive monitoring of policy developments, closer cooperation among member States in the field of social protection and extensive involvement of civil society in addressing this issue.[11]

III. The evolution of social protection in the face of a changing world

48. The concept of social protection is not static. It has been evolving under the influence of two convergent processes of the 1990s. One process is the wave of reforms that contemplate, plan or implement major changes to current social protection (particularly social security) systems by a large number of countries. This impetus is driven by the need to realign countries to recent globalization trends in terms of fiscal pressures, introduction of market-oriented reforms, reorientation of economic growth, structural adjustment and transitions. The other process is an attempt by countries, international institutions and other agencies to formulate reforms that in structure and character exert effects on society and on the economy. To this end, a "crusade" of efforts has been undertaken that aim to design the scope, range and level of social protection that is most desirable in specific countries. However since there is no single answer on to how to extend social protection in any single country, the opportunities and possibilities for changes are innumerable.

49. The challenges of social protection in a globalizing world are numerous. The debates on the nature of globalization and its potential impacts on human well-being are complex and its full range and diversity could never be complete. Nonetheless, some major themes can be isolated and explored which encompass elements of contemporary change processes in the global economy and global society that have particular relevance for the debate on social protection. The major challenges can be formulated as set out below. Social protection policies need to be able to meet the following challenges:

(a) To adapt to the changing nature of risk and vulnerability as a result of the growing global interconnectedness of trade and capital markets;

(b) To reduce and mitigate growing national and international inequality;

(c) To maintain the will and capacity of public policy to provide resources for social protection — and improve the cost-effectiveness of public interventions in the context of constrained resources;

(d) To deal with the changing structure of power and authority as a result of changes associated with globalization, taking account of the growing influence of transnational actors, such as transnational corporations — in particular to promote enhanced social responsibility and accountability of the private sector.

50. With reference to the changing nature of risk and vulnerability in the new millennium, the issues are different in different country contexts. For some industrializing and middle-income countries, the "crisis" events of the 1990s demonstrated the key significance of ensuring that capital market liberalization does not run ahead of the capacity of countries to regulate such markets effectively to guard against social and economic instability. As capital becomes more "footloose", there is a significant danger that companies may invest less in developing the human capabilities of their workforce and the broader community from which the workforce is drawn. A wide range of approaches may be needed to combat this trend, including international consumer and investor pressure, strengthened national and international regulation, and the strengthening of the capacity of corporations themselves to contribute to building social cohesion and human capability in the societies where they are active.

51. In developed market economies and economies in transition, certain phenomena have been identified which indicate a general trend towards a loosening of the traditional formal guarantees of long-term employment security with a single employer (the "job for life"). These include moves towards fixed-term rather than open-ended contracts, increasing prevalence of flexible forms of employment contract (including part-time working), a trend towards increasing levels of self-employment and the loosening of legal guarantees concerning the long-term obligations of employers. Under such conditions, social protection has a key role in underpinning the capacity of individuals to learn new skills and adapt to changing conditions and demands in the labour market.

52. In developing country contexts, the great majority of the population stands outside formal systems of social protection, being engaged in various forms of rural or urban self-employment. Extending social protection meaningfully to these groups is a huge challenge. It also raises real questions concerning what we mean by social protection, as it can be difficult to separate "promotional" activities that seek to strengthen people's capacity to sustain their own independent livelihoods from forms of protection that

guarantee a collective public response for those deprived or seriously at risk. A further issue worth noting is that much participatory research suggests that in these contexts, the majority of effective support that poor men and women receive comes not from public sources but from institutions of kinship, community and civil society more broadly (especially religious organizations). In addition, there is frequently a sense of skepticism concerning the will or capacity of public policy to deliver for the poorest. Women may be caught in the paradoxical situation that while they have worked hard to care for and protect their families all their lives, the patriarchal nature of many societies does not give them equal treatment when they need help from informal institutions and formal systems.

53. After a decade of wrenching stabilization and transformation efforts, a substantial differentiation exists in economies in transition. Some of those countries have entered a path of more balanced economic and social development, with a clear aim of participating in the process of economic and political integration under the initiation of European partners with developed market economies. These transition economies need to focus more on the social insurance side, after successfully stabilizing social assistance. In many other transition economies, however, substantial economic, social and legal groundwork still needs to be carried out before meaningful social protection reforms can take root. These countries still face daunting social assistance pressures, the alleviation of which demands coherent economic and social policy steps as well as elimination of incongruities inherited from the past. One of the most pressing needs is social protection of workers and other population groups living in small cities built around industrial enterprises. With the arrival of the market economy and the elimination of "soft budget constraints", many of these enterprises have become non-viable, while the local economy can offer a very limited number of jobs and steady incomes.

54. In many transitional country contexts (and some middle-income developing countries), a specific issue concerns the changing responsibilities of enterprises for the general well-being of their workforce. Frequently, enterprises (state-run or private) were the main providers of social services for their workforce — supplying primary health, housing and education for families and communities, as well as taking responsibility for welfare functions and caring for elderly ex-workers. In these countries, a headlong rush to adopt a neo-liberal model of state functions and responsibilities has frequently left large populations bereft of any effective institutional structure for delivering social protection and social programmes more broadly. Whatever the economic imperatives of such change, there is an absolute necessity to ensure that social provision does not disappear, even on a temporary basis, during the process of transition.

55. The challenges of growing global inequality at the national and international levels are daunting. Proponents of the idea that there is a linkage between policies of liberalization, globalization and increasing levels of inequality point to the following as potential explanations for this trend:

(a) In developed countries, international trade and technological changes have contributed to a lowering of the cost of unskilled low wage labour, particularly in those sectors exposed to international competition, thereby increasing the gap between high income earners and those on low pay;

(b) Erosion of the redistributive role of the state following changes introduced over the last 20 years in tax and transfer systems;

(c) Changes in labour institutions (reduced regulation, erosion of the minimum wage and of trade unions, higher labour mobility);

(d) A rise in the share of forms of income derived from capital (interest, profits, rents) in total global income.

56. The maintenance of social stability at the global and national levels is intimately bound in with this issue. Forms of inequality which promote growing disparities between regions and ethnic groups have particular potential to lead to forms of civil conflict, with disastrous consequences. Action to lessen growing global inequality should be seen as both a moral and instrumental priority for the international community. The role of social protection policy in terms of promoting social justice and equity is significant but partial. Also of major significance are the redistributive potential of policies in the following areas: taxation; land and other asset tenure; human capital development (health, education and nutrition); and labour markets. An effective social protection strategy should form part of a range of public policies designed to combat inequality and reduce poverty.

57. Attention should also be given to the increasing difficulties experienced by many countries in raising revenues to support social expenditures. This is due, in some cases, to policies of trade liberalization which restrict many sources of revenue (e.g., tariffs) which were previously available to Governments to fund social expenditures, threatening a "fiscal squeeze" on revenues needed to fund social expenditures at the state level. In addition to the increasing restrictions on trade tariffs, there is a broad-based move away from payroll taxes towards indirect taxation. A further significant trend is the increasing capacity of transnational corporations to find ways of reducing tax demands through such practices as transfer-pricing and the use of tax havens.

58. There is a counter-argument to this proposition, namely that by increasing economic growth and trade flows globalization increases the base from which revenue can be raised. These effects are by no means guaranteed, and if they do occur are likely to take effect only over the medium to long term. In most poor countries, tariffs have been a major source of revenue, relative to revenue raised through underdeveloped (and often regressive) domestic tax systems.

59. The differential impact of globalization results in inequalities both within and among countries and increases vulnerabilities. It is therefore one of the key concerns in the context of social protection. For example, smaller countries are generally more vulnerable to globalization and there is a need to use social protection in these countries to mitigate the adverse impact of globalization. The world is facing great challenges in providing social protection to its citizens in the presence of ongoing liberalization and increased reliance on market mechanisms. It has been observed that considerations of distributive justice are being neglected as countries are increasingly determined to opt for rapid economic growth through open market conditions. Under those conditions and in the absence of appropriate redistributive measures, the development process threatens to leave the poor behind.

60. In short, national Governments remain the major actors in social protection systems, and the capacity of states to raise revenues equitably and effectively is of obvious relevance to maintaining effective social protection systems. A truly global approach to this issue needs to go beyond the state: there is a need to examine the potential for building on existing practices and initiatives to promote redistribution at the regional and global levels to support social protection systems. The maintenance of social solidarity at the international level is key to the sustainability and development of such approaches.

61. In summary, the challenge that faces us can be summarized as follows: *There is a need to develop new interlocking systems for sharing responsibilities for collective social protection between*:

- The individual and the family;
- The community;
- Civil society;
- National and local governments;
- The private sector (both national and international);
- The international community (at the global and regional levels).

62. The development of such a network of shared responsibilities will require extensive dialogue between the various groups outlined in order to encourage the development of new forms of local, national and international solidarity to underpin the sustainability of a new global approach to social protection.

IV. Key elements in a broad policy and institutional framework

A. Supportive policy framework

63. Effective social protection policy should be cradled in a broader policy context which provides conditions in which sustainable, secure livelihoods and the reduction of poverty are promoted through coherent public policies in all sectors. Of particular concern are the following issues:

(a) *Transparent, accountable governance in the public and private sectors*. This entails establishing a climate in which information is shared on policy and budget processes; civil society organizations can operate openly; participation of all citizens in open policy processes is encouraged; there is respect for human rights; and access to justice systems is promoted for all;

(b) *A culture of improving performance and effectiveness in public service.* This entails evaluating public policies and programmes against outcomes, allocating resources in accordance with stated priorities and developing policy on a basis of evidence of needs and results;

(c) *Effective integration of social and economic goals and policies.* This means that the goals of equity and social justice should be applied to the formulation of macro level as well as sector policy;

(d) *Responsible macroeconomic policy ensuring that social protection measures are financially sustainable.* Effective medium-term budget planning is important to ensure availability on a stable and predictable basis of public funding necessary to underpin social protection measures;

(e) *Investing in developing the human capabilities of all citizens, with particular attention to excluded and marginalized groups.* This entails an emphasis on early childhood development, universal access to primary education in all countries, expanding access to high quality education and training at all levels and for all age groups, and effective universal primary health-care access in all countries;

(f) *Ensuring to the fullest extent possible equitable and sustainable access to key assets for all — especially poor men and women — to the point where they have the best possible chance of achieving a sustainable independent livelihood.* It should be recognized that in the poorest countries, effective management of common property resources is often of key importance to the poor in sustaining their livelihoods (forests, fisheries, pasture). Other relevant measures include equitable land reform and changes to legal systems to reinforce property rights of women, in particular widows, who often suffer double discrimination under inheritance laws;

(g) *Promoting the fullest possible access to labour and financial markets to ensure conditions for the greatest number to sustain independent livelihoods.* In all countries, employment markets are critically important to ensuring secure livelihoods, thus emphasizing the importance of policies to promote economic dynamism and growth and ensure equitable access to employment. Access to reliable, trustworthy financial services is also significant in promoting independence and opportunity at the household level;

(h) *Developing information systems which offer effective analysis and monitoring of poverty, deprivation and trends in well-being* in order to inform policy makers of the nature, causes and distribution of poverty, and of the perspectives, needs and priorities of poor men and women in relation to public policy;

(i) *Effective policy approaches to planning for reducing vulnerability to major sources of risk at the national, local and household levels.* In the context of recent crisis events, the need to manage and regulate capital flows better in emerging markets is an area of concern.

64. An emphasis on the above priorities is needed to create a climate within which social protection policy can play an optimal role in contributing to general well-being, the reduction of poverty, economic growth and social cohesion.

B. Supportive institutional framework

1. Provision

65. The strengthening, reform and introduction of new instruments to attain specific outcomes should be prioritized, sequentially planned, phased and appropriately budgeted given severe financial restrictions, particularly on the public sector. Attention should be given to the institutional set-ups and agencies that already exist to build upon their existing strengths and correct their deficiencies.

66. An appropriate mix of public and private participation is needed, based on a clear and transparent definition of responsibilities in the provision of coverage. Direct provision of public services should solve market failures as well as address/regulate private sector participation. In particular, Governments should identify and remedy vulnerability and the disadvantage that the excluded are facing.

67. Developing countries with large populations living in poverty and structural unemployment should introduce major steps to improve their social protection systems as part of their economic plans. For this purpose, social policies should not be subordinated to other competitive objectives.

2. Institutions and delivery

68. Governments should promote various institutions for efficient functioning of social protection programmes.

69. At the national level, Governments may wish to establish an expert body to undertake a critical review of the existing range of social protection measures and devise a comprehensive social protection strategy, taking into account national development objectives and the effective allocation of available resources. The strategy thus identified should serve as the basis for cost-effective and sustainable social protection plans and programmes.

70. Governments should find effective ways to provide social services to traditionally under-covered persons, including public-private partnerships and coordination with community-based organizations, local associations, self-help groups and others, which through clearly articulated arrangements could deliver services to beneficiaries. The delivery of services has to be effective and uninterrupted in order to improve capabilities, raise income and advance human development.

71. The input of the beneficiaries with regard to their needs and the effectiveness of delivery mechanisms ought to be incorporated in social protection programmes. Their input can be obtained at any stage of the delivery process, and providers should be responsive and flexible to change in order to improve outcomes.

72. There are many evaluations of government programmes in several countries. One common finding of concern is the ineffectiveness of programmes because of their "top down" approach, lack of people's participation and poor delivery systems. Decentralization of decision-making will improve delivery systems and their accountability.

73. One way of increasing the accountability of national Governments and local bodies is to ensure the right to information on the funds spent in social protection schemes. There is a need for transparency and social audit of relevant expenditure. The demand for transparency is a method by which people's right can be realized. Governments should formulate methods to disseminate information among citizens.

74. NGOs and community-based organizations can play an important role in creating an environment for social mobilization and effective delivery of social protection schemes. The main objective of social mobilization is to encourage the poor to create participatory organizations based on the direct and full participation of all members of different varied sociocultural backgrounds, irrespective of income, ethnicity, gender or other attributes that invite discrimination. Governments should engage in strategic planning, which includes creating an enabling framework, setting of objectives, committing resources, acting as a catalyst — especially for capacity-building — and engaging in a process of social mobilization that aims, inter alia, at putting the management of related activities into the hands of people's organizations and the people themselves. NGOs and community-based organizations play a vital role in strengthening the hands of Governments; at the same time, there is also a need to improve their accountability.

75. Apart from this, there are anti-poor biases built into a host of existing policies, regulations and laws, which cut across all sectors and vitiate any benefit that accrues to deprived communities. Social protection policies should remove these obstacles.

3. Administration and regulation

76. Coverage of various risks implies different expertise and administrative structures. For the most part, Governments should play regulatory and supervisory roles and create incentives for the sustainability of programmes that are in place. The private sector, in its various capacities, should take an active role in the management of delivery systems.

77. Each country should ensure that its national social protection administration is upgraded so as to be fully capable of managing the system of social protection in an efficient and effective manner.

78. Social protection programmes cut across several departments at the national and local levels. Governments should ensure that there is convergence of these programmes for efficient implementation.

79. Governments should also have reliable data and information on programme implementation. Proper monitoring and evaluation systems also have to be developed.

80. Appropriate regulatory mechanisms are needed for the proper functioning of government and private-

sector programmes and administration. Regulation, however, should be transparent and over-regulation should be avoided.

V. The funding of social protection

81. Coverage of social needs (social spending), risks and contingencies varies across nations. Variables playing an important role are values, traditions and priorities that States hold with regard to nurturing and providing a secure environment for the human development of their people. Legislation and schemes in place to secure coverage of these demands represent yet another fundamental determinant. Short-term processes and events, such as economic growth, peace and prosperity, help attain improvements in social protection; on the contrary, economic and financial crisis, conflict and natural disasters work in quite the opposite direction. Thus, social protection systems are influenced by long-term or structural determinants, such as beliefs and laws, and short-term events, which may be anticipated or are simply random.

82. The funding of social protection is the quintessential core of social protection systems. It shows how a particular nation values coverage of needs, contingencies and risks. Furthermore, funding of social protection schemes fulfils the functions of redistribution, insurance, and sustaining and promoting development and social justice. Although social protection systems are varied and unique between States, there are certain organizing principles that seem to be represented in a number of them. First, Governments protect a minimum level of satisfaction of essential needs through social spending/assistance/work, with budget transfers from general public revenues. Second, Governments directly or with the help of international agencies/donors provide financial support to social funds or other specifically denominated funds that help to reduce the incidence of poverty resulting from structural adjustments, the impact of disease or natural disasters, conflicts or any other random effects. Third, in modern societies the protection of social risks, such as family allowances, health care, maternity, pensions, unemployment or work injury, is employment-related and funded from direct contributions under mandatory social or private insurance. Fourth, there is always the possibility of acquiring additional protection through voluntary contributions. Fifth, in some societies, in addition to the above families provide coverage — so-called "informal protection". Finally, the funding of social protection schemes should be accepted as fair by the population.

83. The funding of social protection has important ramifications for both public and private sectors. In the public sector, the composition of expenditures and percentage of tax revenue over national income reflect the degree and type of government intervention. Some Governments grant social protection rights to their citizens and therefore universal and accessible coverage lead to large public social expenditures. On the opposite side, Governments may adopt a market-oriented approach to social protection, and may therefore regard the latter as a service that is delivered by for-profit market mechanisms. In this case, Governments explicitly shrink their social expenditures and provide a minimum base line to the very vulnerable. The mix of public-private funding is not a trade-off because social protection expenditures come from and go to the general circular flow of the economy, thus generating a virtuous cycle of economic activity. The fundamental issue at stake concerns redistribution: Who is funding what in a direct manner and what are the outcomes of such funding? Or to put it differently: How much solidarity is appropriate?

84. States should assess the range and level of social protection they render and identify whether funding is fairly distributed. Governments should take measures to improve the equity of the system and reduce or eliminate coverage gaps. Research has shown, again and again, that progress is intimately and directly related to equity in the distribution of income, assets and opportunities for all. Lack of equity and accessibility can take multiple forms. A large working class may unfairly pay the burden of a welfare system that creates a perpetuating group of rentiers at the poverty level. In contrast, a very large poor and indigent population excluded and lacking social cohesion can coexist with privileged professionals who receive benefits from public transfers, such as the armed forces or unionized workers in finance and banking. In each of these cases, Governments should seek to implement changes that overcome unanticipated effects.

85. Many countries have embarked on reforms of their social protection systems that have important socio-economic and political consequences. Reforms affect the development of domestic markets and the

relative size of the private sector. They modify the financial structure of health-care and old-age coverage, for example, by abandoning the traditional redistributive function of governmental agencies and adopting the market-oriented principle of pay for service. They redefine the role of Governments away from direct provision of services and towards the fulfilment of regulatory and supervisory responsibilities. In some instances, reforms have reduced the discretionary capacity of Governments in redistributing resources to guarantee a minimum level of protection to citizens. In these cases, people sense a loss in ownership and in their rights. The pendulum has moved too far from sometimes excessive government intervention to its absence. For example, the traditional public pension system has been replaced by a system of private pension fund managers that often lacks competition, as revealed by the lack of difference in the portfolios offered as well as "herding behaviour" by managers; incurs extreme transactional costs; has principal agent problems; constitutes a mismatch between long-term savings and growth-oriented financial assets and equities; and suffers from stagnant affiliation.

86. Social protection expenditures can be funded with public or private sources of funds, and are therefore not the same as public social expenditures. Social protection expenditures include (a) public social expenditures in education, health, housing, sanitation infrastructure (can be organized by ministry or secretary, and can be national, regional or local); (b) social insurance expenditures (for health care, invalidity, old age, work injury, unemployment etc.); (c) private expenses in education, health, housing, sanitation infrastructure that represent the private or community-based initiative that supplements public expenditures; (d) insurance fees paid by households for the acquisition of coverage; (e) "out-of-pocket" expenses to cover risks by individuals that are not covered either publicly or by employment-related insurance and that are not included in item (c) above; and (f) NGOs' expenditures that offer coverage of certain risks to targeted populations. One way to monitor progress on social protection coverage is to generate a methodology that estimates national expenditures in these specific schemes.

87. In view of the breadth of the concept of social protection, embracing aspects of health, education, social security, employment-related services as well as other areas, social protection cannot be limited to a single budget category. Rather, Governments' efforts to evaluate the impact of social expenditure on achieving social protection should focus on analysing both the proportion and the impact of social expenditure within overall government spending. The role of government is to permanently assess whether national social protection goals are being met, what is the level of coverage, what areas need to be improved, what is the appropriate level of supplementing funding with public resources, whether funds exist for random shocks affecting the safety of the people etc. In a global economy, it remains to be seen if randomness of shocks, particularly economic and social, increase or not. This evidence will help generate additional protection to guarantee human development objectives.

88. Mobilization of resources for social development is difficult without strong and sustained economic growth, which in its turn allows countries to generate the fiscal resources that are needed to fund the introduction of effective social protection programmes.

89. In countries with very small coverage of social risks due to poverty and skewed income distribution, Governments should actively pursue the use of progressive tax structures to directly provide social services in education, health care, sanitation etc. They should also re-prioritize their budget expenditures in favour of social protection programmes. A commitment to basic social protection through social assistance is particularly important to improve capabilities and to promote human development.

90. In general, however, income-earners should all contribute to the social protection programmes from which they will derive benefits. When economic growth and human development takes place, social assistance as a component of social protection will decrease substantially.

91. There are various options available for mobilizing the resources for financing social protection:

(a) *Taxes*. Extending the tax base and raising of extra resources by reducing tax avoidance and tax evasion;

(b) *Discriminating user fees*. Improvement in social services so that the better-off pay for the services and the poorer sectors pay only nominal fees, particularly for primary education and primary health care;

(c) *Reallocating budgetary resources within sectors.* Shifting expenditure from low priority to high priority uses — say, from curative to preventive health, or from tertiary to primary education;

(d) *Disincentive effect.* Reordering budgetary priorities across sectors, such as shifting expenditure from military to social sectors. Governments can use a mix of these options, including reducing defence expenditure for financing social protection.

92. Every country should come up with a clear definition of financial responsibilities. The Government is responsible for what is considered as basic protection. Earnings-related benefits should be financed out of contributions. Innovative approaches to resource mobilization, including small and community-based schemes, can be useful.

93. Microcredit is being increasingly used as an instrument of mobilizing savings and credit facilities for poor women. Governments have an important role in supporting microfinance-based groups, which in turn provide social protection.

VI. Promoting the development of effective social protection policies in a globalizing world: summary of recommendations

94. An enabling policy framework for social protection should be embedded in the context of the goals and commitments of the Copenhagen Declaration and Programme of Action adopted by the World Summit for Social Development, reinforcing commitment to promoting social justice. This includes reaffirming the commitment of the international community to human rights and the related obligations to promote, respect and fulfil those rights and solidarity of all peoples. Since all Governments expressed their will to reduce the proportion of people living in extreme poverty by one half by the year 2015, policies and strategies for this aim must include social protection measures as part of the broader strategies adopted to achieve this goal.

A. Recommendations for action at the national level

1. All countries

95. In designing their social protection systems, countries should define the provision, funding, delivery and administration that is most appropriate to fulfil the prioritized objectives. To secure sustainability of the system, insurance schemes should be socialized by means of mandatory contributions on the regular flow of income. However, non-contributory schemes should support the coverage of individuals, households and communities with intermittent or little income due to poverty or any other contingency that has separated them from productive work. Since the attainment of social justice rests on the principle of solidarity, Governments should rely on their general revenues to fund basic protection to the vulnerable and excluded. While other sources of funds (international cooperation, donations, foreign aid and charity) can supplement government revenues, it is the sole responsibility of Governments to look after their vulnerable and excluded population. In particular:

(a) Social protection strategies should be developed in a process led by Governments but involving extensive dialogue with their civil society, including the private sector and people in poor communities. Involvement of a plurality of institutions from these groups is important in planning, implementation and monitoring (along the lines agreed in Copenhagen and recommended at the five-year review held in Geneva in 2000). Policies should thus be strongly country-specific, while their formulation should take account of all available information on effective practice available from other countries and international institutions;

(b) This requires building technical capacity in policy development, research and advocacy for civil society actors as well as government institutions;

(c) For countries where the private sector is playing a larger role in key areas of social protection (such as pension provision), there is a significant need to review practice and capacity in the public sector for the regulation of such activity. Insurance markets are notoriously difficult to operate effectively, and in instances where public policy opts for a growing private sector role in social insurance, this is only

likely to produce beneficial outcomes if the capacity to regulate for social ends is robust;

(d) The objectives of social protection policy should be to achieve security for all through a pluralist and pragmatic approach. The concept must be underpinned by a will to ensure that all members of society are guaranteed certain minimum standards of human well-being, commensurate with the rights to social protection outlined in the Universal Declaration of Human Rights. Specific country contexts, however, vary to such an extent that attempts to mandate one particular approach to the fulfilling of these rights (for example, universal benefits) in all situations is likely to be misguided. Policy must be sensitive to the political, cultural, social and economic context of the country concerned;

(e) Functioning information systems — capable of analysis of trends and causes of poverty and of monitoring the outcomes of social protection policy — are critical. Policy makers need access to accurate information concerning the realities of the conditions which the poor face, the measures that are most likely to be effective, and the institutions which are perceived as trustworthy and effective in delivering support;

(f) All national-level poverty reduction strategies (including those contained in poverty reduction strategy papers linked to the heavily indebted poor countries (HIPC) initiative and other concessional assistance from international financial institutions) should be gender-sensitive, and should include consideration of social protection and its role in stimulating poverty reduction;

(g) Social protection strategies should form part of a comprehensive approach to *prevent* key risks which might have an adverse impact on the livelihoods of the poor, *mitigate the impact* of shocks when they occur, and *assist people in coping* with the aftermath of shocks. Such risks may occur at the regional, national, district, community or household levels. They vary from national financial crises to personal illness and its impact on the household. In the case of the threat of financial crisis, for example, preventive measures might include strengthening the regulation of short-term capital flows, mitigation measures might include introducing statutory unemployment insurance, and measures to assist local coping strategies might include direct cash transfers to the worst-affected people;

(h) In order to reinforce the political sustainability of transfers to the poorest, public policy must ensure that such programmes are monitored and evaluated and the results communicated back to the tax-paying public to maintain solidarity and support. Social transfer systems that are effectively run can play a role in making a dynamic, flexible economy possible: demonstrating this effect is critical to their long-term sustainability;

(i) Since widespread insecurity (whether acute as in civil conflict, or chronic as in unsafe urban environments) produces the most serious impacts on livelihood security, any potential links between social protection and policies which effectively reinforce social cohesion are critical. The development of policy analysis that can reinforce the effectiveness of social protection in this area is important. Equally, developing systems of social protection that can be effectively applied in the context of "complex emergencies", such as civil conflict, is a priority;

(j) In order to provide a framework against which the poorest can make claims for more effective public action, countries should seek to turn human rights provisions into negotiated understandings of entitlements and standards (which can be sustainably delivered). Such processes of dialogue need to involve actors from government and civil society at the local and national levels;

(k) If a goal of social protection is to achieve enhanced equity and the reduction of poverty, then tax-funded social transfers are highly effective if the fiscal situation permits this. Experience from Australia and New Zealand may be relevant for countries considering adjusting social protection systems under these conditions;

(l) Trends in contemporary societies and economies associated with globalization place an ever-higher premium on flexibility in systems of work, training, education and social protection. The old assumptions that the progress through the "life cycle" consisted of defined stages of education, work and retirement are increasingly less valid. Systems of social protection need to (i) recognize the economic contributions that all citizens make (including older people and those with disabilities), (ii) provide support to people at all stages of the life cycle in acquiring skills and responding to changing demands in the labour market;

(m) In order to be equipped to make effective personal decisions about long-term social protection needs, individuals and households need to understand the choices and options available to them. Similarly, to hold public policy accountable for its performance, there is a need for the public at large to be informed about the issues related to social protection and its role in assuring the well-being of all, especially those with specific issues of vulnerability. To this end, the importance of strengthening public education on social protection issues should be emphasized.

2. Developing countries and economies in transition

96. Most of the recommendations in the present report can be broadly applied at the national level for all countries. Nonetheless, the need to develop some recommendations specific to the situation of developing and transitional countries is recognized. Within this category, there is obviously great diversity, but some points can still be highlighted which indicate the need for general recommendations at this level.

97. Bearing in mind points made earlier (see paras. 51-54 above), one can outline the following recommendations specific to developing and transitional country contexts:

(a) Social protection strategies should take account of the roles played by institutions of family, kinship and community, as well as group-based social protection and microinsurance systems, creating an enabling policy environment to keep the "small systems" afloat and gradually link them to formal systems of social insurance and social assistance;

(b) The objective of national strategies should be to build a multi-layered and pluralist social protection system, with a mix of public and private providers in which the Government's responsibility to guarantee social protection for all is ensured. Such a system should be participatory, gender-sensitive, affordable and flexible (capable of meeting new challenges), should encourage independence rather than dependency, and should be economically, politically and socially sustainable;

(c) Substantial investment in the improvement of the governance of many systems of national social protection in developing and transitional countries is necessary: there is an obligation for the international community to respond to calls for assistance;

(d) Social protection systems should support social objectives that seek to enhance equity and equality, social justice and the maintenance of the social fabric. Systems which promote atomization, individualization and contractual approaches to caregiving may have long-term costs for the general well-being of beneficiaries. Societies may wish to preserve social protection systems operated by institutions of kinship and community as part of broader patterns of social cohesion and solidarity. At the same time, public policy has a responsibility to ensure equity and inclusion. "Traditional" systems which impose extensive care burdens on women, for example, should not be treated as sacrosanct — and it should not be assumed that such systems necessarily operate to include everyone;

(e) In countries in rapid transition, social restructuring needs to keep pace with economic restructuring. Social protection systems need to be maintained to allow rapid economic and social change to occur in a secure and stable environment. Countries in transition need to pursue broader goals than simply the highest possible rates of aggregate economic growth. The maintenance of social solidarity and cohesion is essential to a positive transition process.

B. Recommendations for action at the international level

98. The following recommendations refer specifically to the regional and global levels, and to the international structures of governance and implementation which apply at those levels:

(a) The Economic and Social Council was invited by all Governments at the five-year review of the Summit held in Geneva in 2000 to launch a global campaign to eradicate poverty. It is highly desirable that initiatives to develop effective social protection policies be incorporated within the campaign. More effective coordination of organizations within the United Nations family remains a priority in the field of social protection, and it is recommended that the campaign address this issue. In pursuing social protection strategies, international agencies and multilaterals should coordinate their efforts, avoid duplication and strengthen interregional networking. In this context, the Administrative Committee for Coordination (ACC) machinery can be utilized to fully guarantee the efficient promotion of cooperation;

(b) The Commission for Social Development may wish to consider a possibility to instigate a process whereby countries discuss the strengthening of reciprocal provisions for the social protection of migrant workers when outside their countries of origin. In addressing this issue, there is a need to consider solutions at the regional level and the possibilities that might exist for linking national systems;

(c) The Commission may wish to lend its support to the planned discussions by the International Labour Conference in June 2001 of the major current challenges in the area of social security. In association with this process, the international community may need to discuss the feasibility of building on current agreements (such as the international development targets) to outline an aspirational global minimum standard of livelihood. The establishment of contextually appropriate minimum standards for different country situations should be considered. Against this background, the Commission may wish to invite ILO to assess the need to update ILO standards in this area, including such instruments as the Social Security (Minimum Standards) Convention of 1952 (No. 102). It should be noted that in the area of maternity protection, ILO has recently revised its Convention No. 103 by the adoption of the new Maternity Protection Convention (No. 183) in June 2000. Furthermore, the adoption of the 1998 Declaration on Fundamental Principles and Rights at Work, under which all Member States are bound to respect the freedom of association, effective recognition of the right to collective bargaining and the elimination of forced labour, child labour and discrimination, creates an enabling framework for people to work towards achieving greater social protection as part of sustainable development. The Declaration covers core labour standards and rights to social protection, which should become not a ceiling but rather a *floor* for progressive improvement;

(d) To strengthen the capacity of the global community to assist poor countries and regions in pursuing effective social protection, the Commission may wish to pursue its work on innovative forms of revenue-raising. The Commission may encourage members to build on encouraging recent developments, which have shown a small reversal in the prevailing trend of the last 20 years for the total of development assistance to decline. It is recognized that heavy debt-servicing burdens militate against poverty alleviation and social service provision in many low-income economies. When debt is cancelled and reduced, steps have to be taken by donors and intergovernmental agencies to ensure that the resources released are expended on social provision, social protection and poverty alleviation;

(e) Globally, women are disadvantaged in terms of their access to effective forms of social protection. The Commission may wish to initiate a process to strengthen approaches to gender mainstreaming in social protection, including setting targets for the extension of social protection to women and other excluded populations;

(f) The HIV/AIDS epidemic is placing huge stresses on the capacities for social protection and care of public, voluntary and community systems in many parts of the developing world. In many countries, the scale of the problem has changed dramatically for the worse. It represents a grave threat to social and economic development. This epidemic is much more than a health problem because it directly challenges social protection systems and effectively undermines the well-being of individuals and communities. A multisectoral preventive strategy should be adopted by the international community and Governments in order to fight HIV/AIDS epidemics while social assistance is made available to the affected population. The international community should incorporate consideration of the implications for social protection into its global efforts to help countries cope with the impacts of the epidemic;

(g) Since poverty, high-asset inequality and unequal access to public services have been found to be major causes of ethnic and civil conflict, it is imperative that Governments and intergovernmental agencies address these issues by making resources available for public service provision, because there appears to be a strong element of social protection in addressing the issues of conflict prevention and post-conflict reconstruction;

(h) Attention is drawn to the initiative which emerged in Geneva at the five-year review of the Summit to share best practices on social protection systems among government and civil society organizations to facilitate initial learning. The establishment of a global network aiming to share information and experience of social protection instruments would give concrete form to this

aspiration. The Commission may wish to pursue the necessary groundwork to establish a workable arrangement for this, which would include reviewing existing provisions for sharing experience and practice in the field of social protection. Within the context of globalization reciprocal agreements on social security are of immense importance. Regional cooperation in such areas as the sharing of best practices and other relevant experiences in the design of social security systems could also be significant elements;

(i) With respect to the commitment agreed in Geneva at the five-year review of the Summit to encourage corporate social responsibility by promoting corporate awareness, the Commission may wish to pursue all means to encourage transnational corporations in particular and the private sector in general to play a positive role in strengthening social protection provision. In this regard, the interests of local communities are of prime importance. Codes of conduct developed to encourage ethical practice within supply chains should contain reference to adequate and broad social protection for all workers (including those in casual employment). In the long run, the state-centred accountability of human rights practices needs to be extended to non-state actors to bring them within a rudimentary framework of social governance. The social responsibility of business needs also to extend beyond specific provisions for those directly employed, and should include both those indirectly employed (through the supply chain), and social investment in the human capabilities and well-being of the broader community;

(j) Taking into account the paramount importance of information on poverty and social protection, the international community is encouraged to take steps to promote the establishment of an international social observatory to monitor and assess the impact of globalization on different vulnerable categories. There is a particular need to focus on understanding impacts on the working poor, which are often neglected in social protection debates. Such an observatory could take many different institutional forms, and the function is unlikely to be most effectively fulfilled by the creation of a single new institution. The key point is to provide independent and credible information on such trends on an ongoing basis in order to inform global debates;

(k) The role of effective knowledge-gathering and research to promote public policy must be emphasized. Certain key issues merit a concerted international effort to promote further research and sharing of knowledge:

(i) There is a need for more detailed case studies of systems and instruments of social protection in practice in order to build a stronger base of evidence on which policy makers can draw;

(ii) The impact of increased international trade on poverty is unclear since it can create new jobs but also destroy existing jobs. Governments and intergovernmental agencies need to ensure adequate social protection for workers in this connection, particularly in new export sectors;

(iii) Methodologies for strengthening the capacity to assess the returns to social protection are needed — at present it is often difficult to judge the effectiveness of programmes and measures;

(iv) There is a need to better understand the institutional incentives which operate in social protection systems — in the public, voluntary and private sectors;

(v) The issue of demographic change, ageing and social protection remains an area of concern. The long-term implications for public policy are rarely rigorously examined, and more effective research and training is needed;

(vi) The development of effective methods and institutional approaches to providing targeted assistance to the poorest is an area of continuing concern. Entrenched problems of fiscal and institutional capacity, and of governance and accountability, have to be overcome for targeted assistance to the poorest to be effectively delivered. The politics of effective and sustainable social assistance remains a major area of concern. The challenge is to identify the areas in which support among the non-poor can be maintained for such programmes.

Notes

[1] The topics of the meetings were as follows: "Beyond safety nets: the challenge of social protection in a globalizing world" (Berlin, 10-12 October 2000) and "Coping in dire circumstances: traditional and modern schemes of social protection in the context of development" (Cape Town, 30 October-1 November 2000).

[2] See *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex I, commitment 2 (d).

[3] See for instance, Anthony B. Atkinson, "Social protection and economic performance in a changing economy", paper presented at a conference on the theme "Social protection as productive factor", Porto, Portugal, 2000; issued in a conference compendium entitled "Communications and curriculum notes".

[4] See ILO, *World Labour Report 2000: Income Security and Social Protection in a Changing World* (Geneva, 2000).

[5] See Robert Holzmann and Steen Jorgensen, *Social Risk Management: A New Conceptual Framework for Social Protection and Beyond*, Social Protection Discussion Paper, No. 0006 (Washington, D.C., 2000).

[6] See WHO, *World Health Report 2000: Health Systems: Improving Performance* (Geneva, 2000).

[7] See UNICEF, *Poverty Reduction Begins with Children* (New York, 2000).

[8] See UNDP, *Overcoming Human Poverty* (United Nations publication, Sales No. E.99.III.B.2).

[9] As defined in the 1951 Convention and the 1967 Protocol relating to the Status of Refugees (United Nations, *Treaty Series*, vol. 189, No. 2545; and ibid., vol. 606, No. 8791).

[10] See Habitat, "Building partnerships and solutions in an urbanizing world", accessed at: http://www.unchs.org/unchs/english/about1.htm.

[11] See European Union, *A Concerted Strategy for Modernizing Social Protection* (1999).

Annex I

List of participants at an expert group meeting on the theme: "Beyond safety nets: the challenge of social protection in a globalizing world", Berlin, 10-12 October 2000

Experts

András Blahó (Hungary)
Nieves Confesor (Philippines)
Ma Fengzhi (China)
Hans Gsänger (Germany)
Brian Howe (Australia)
Phil Jensen (Canada)
Zarina Nahar Kabir (Bangladesh)
Garth Nicholls (Saint Vincent and the Grenadines)
Andy Norton (United Kingdom of Great Britain and Northern Ireland) (Rapporteur)
Ana Sojo (Costa Rica)
Jean-Philippe Viriot Durandal (France)

Observers

International organizations

Michael Cichon (International Labour Organization)
Robert Holzmann (World Bank)
John Murray (Council of Europe)
Peter Scherer (Organisation for Economic Cooperation and Development)

Host country (Germany)

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Carola Donner-Reichle
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Annex II

List of participants at an expert group meeting on the theme: "Coping in dire circumstances: traditional and modern schemes of social protection in the context of development", Cape Town, South Africa, 30 October-1 November 2000

Experts

Nana Apt (Ghana)
Maria Cruz-Saco (Peru)
Surydevara Mahendra Dev (India) **(Rapporteur)**
Valda Frederica Henry (Dominica)
Faith Innerarity (Jamaica)
Edwell Kaseke (Zimbabwe)
Angwara Denis Kiwara (United Republic of Tanzania)
Osvaldo Larrañaga (Chile)
Mohamed A. Maait (Egypt)
Mikko Mäntysaari (Finland)
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